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Firestone

1971 ANNUAL REPORT

# 71st Annual Report The Firestone Tire & Rubber Company

1200 Firestone Parkway, Akron, Ohio 44317

## Directors

Raymond C. Firestone, *Chairman*

Robert D. Thomas

Robert P. Beasley

Earl B. Hathaway

Leonard K. Firestone

George F. Karch

John F. Floberg

Edward F. Carter

Mario A. DiFederico

Richard A. Riley

Harvey S. Firestone, Jr.,  
*Honorary Director*

## Officers

Raymond C. Firestone, *Chairman  
and Chief Executive Officer*

Robert D. Thomas, *President*

Robert P. Beasley, *Executive  
Vice President*

Edward F. Carter, *Executive  
Vice President*

Mario A. DiFederico, *Executive  
Vice President*

Richard A. Riley, *Executive  
Vice President*

Allen E. Brubaker, *Vice President*

John T. Cahoon, *Vice President*

Joseph V. Cairns, *Vice President*

Elden H. Eaton, *Vice President*

John F. Floberg, *Vice President,  
Secretary, General Counsel*

George D. Hitler, *Vice President*

Frank A. LePage, *Vice President*

Donald W. Olson, *Vice President*

Clark E. Stair, *Vice President*

Everett H. Strobel, *Vice President*

Arthur N. Stuart, *Vice President*

Stanley T. Wepsic, *Vice President*

Kenneth W. Reese, *Treasurer*

John G. Stoneburner, *Comptroller*

James M. Denny, *Assistant Treasurer*

Robert E. Linder, *Assistant Treasurer*

Reid J. Montgomery,  
*Assistant Treasurer*

Stanley M. Clark, *Assistant Secretary*

Henry L. Houst, *Assistant Secretary*

Ian R. MacLeod, *Assistant Secretary*

Harold J. Brandenburg,  
*Assistant Comptroller*

Richard C. Clevenger,  
*Assistant Comptroller*

Alexander J. McNair,  
*Assistant Comptroller*

John K. Smucker,  
*Assistant Comptroller*

John B. Welsh, *Assistant Comptroller*

### Transfer Agents

First National City Bank, New York  
The Firestone Tire & Rubber  
Company, Akron

### Registrars

Bankers Trust Company, New York  
The Firestone Bank, Akron

### Auditors

Lybrand, Ross Bros. &  
Montgomery



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\*Includes Extraordinary Income of \$6,718,333 or \$.12 per Share.

\*\*Adjusted to reflect Two-for-One Stock Split of October 12, 1971.

## Cover

The employees on our cover are symbolic of the more than 100,000 men and women of Firestone who work to serve millions of other people—our customers.

These employees represent all phases of our business — research, engineering, production, sales, and administrative. The story of how Firestone people work to serve the consumer is told in photographs beginning on page 12.





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*Raymond C. Firestone (left), Chairman and Chief Executive Officer, and Robert D. Thomas, President.*

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## Report to Stockholders

We are pleased to report that fiscal 1971 was a turn-around year for profits and a record year for sales.

Net income was \$120,262,360, up from \$92,764,332 last year, an increase of 29.6 percent. Net income was the second highest ever reported by our Company, and earnings per share were \$2.07 compared to \$1.60 in 1970. Earnings for 1971 included \$6,718,333 or \$.12 per share from the sale of a minority interest in a German tire company.

Sales were \$2,483,598,575, a 6.4 percent increase over 1970. This was the tenth consecutive year that the Company recorded a new sales high.

The record sales and improved earnings resulted principally from the general strengthening of the replace-

ment tire market and higher automotive production, increased demand for a wide range of diversified products and continued growth in our foreign operations. Our overall profit level was also improved by intensified programs of cost and expense control.

### **TIRE DEVELOPMENTS**

The Firestone Steel Belt Radial tire was the first U.S.-produced steel belt radial to be approved by an auto manufacturer and is now being offered as optional equipment on several 1972 model cars.

The acceptance of this new tire indicates new directions in tire manufacturing and marketing in the United States. The radial tire accounts for a major share of all passenger and truck tire sales in Europe, and, with its technical advantages, will be a significant factor in the U.S. market within the next few years.

Firestone's capabilities in radial tire production have already been proven, and we are confident we can maintain our position in the forefront of the highly competitive tire industry.

Another tire trend centers around new cord materials. The strength and durability of steel wire as a cord material promises to make it an important factor in the tire industry. We at Firestone are not committed to any specific cord material but will continue to study, test and use various materials and combinations of materials in tires in order to achieve the highest quality product and the greatest penetration of existing markets.

During the year we also introduced the Mini-Sport tire to handle replacement needs of the fast growing small car market.

Several new "computer-generation" truck tires, designed and formulated by Firestone-developed computer techniques, and several new agricultural tire lines were also announced.

Development work continued on the Company's liquid-molded cast tire during the year. The tire completed one million test miles on all types of cars and under all types of road conditions, and several million more test miles are scheduled.

### **COMPANY GROWTH**

Growth in 1971 was characterized not only by new product develop-



ments but also by new facilities and new fields of operation.

New plants and expansions of existing facilities, both at home and abroad, were undertaken with emphasis on radial tire production.

In September we announced plans for a new truck tire plant in Nashville, Tenn. The plant's principal product will be the steel radial truck tire.

To provide for the increased usage of steel cord in tires, a wire plant in Lens, France, started operations. A second wire plant in Danville, Ky., is scheduled for production next year.

In Wrexham, Wales, a program to convert total production to radial tires was initiated, and in Decatur, Ill., a major expansion for radial tires is under way.

Production capacity at the Bloomington, Ill., plant will be nearly doubled to take care of increasing demand for giant earthmover tires.

A new plant for printing decorative rigid vinyl film in Salisbury, Md., and a polyester fiber facility in Hopewell, Va., are under construction.

During the year the tire plant in Nairobi, Kenya, began operations as did the polyurethane foam plant in Elkhart, Ind.

The financial operations of the Company were broadened with the establishment of Bank Firestone Ltd. in Zurich, Switzerland, and the invest-

ment of \$6 million in the investment banking and brokerage firm of Drexel Firestone, Inc.

#### **DISTRIBUTION**

Distribution and marketing facilities throughout the world were expanded to insure the efficient flow of products to our customers.

In the United States \$25 million is being expended on new Company store outlets and new Firestone Tire Center dealer operations. Overseas, many new company stores and new distributor outlets were opened.

A new sales subsidiary, Firestone Deutschland, GmbH, was organized in West Germany to market tires in that country.

Construction of a new warehouse distribution center in Cranbury, N.J., was started to provide more efficient service to our customers in the Northeast and reduce warehousing costs.

#### **ABOUT PEOPLE**

Richard A. Riley, Edward F. Carter and Mario A. DiFederico were named executive vice presidents during the year. All three are members of the Board of Directors and had been vice presidents.

Frank A. LePage was elected vice president, diversified products, succeeding Mr. Riley. Stanley T. Wepsic was elected vice president, purchasing, succeeding Norman Smith who retired after 43 years' service with the Company. Everett H. Strobel became vice

president, North American tire production; and Clark E. Stair was elected vice president, research and development, a newly created post. James M. Denny was elected an assistant treasurer.

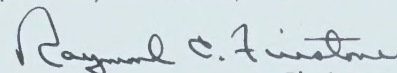
Herbert H. Wiedenmann, a director for five years, retired from the Board of Directors. George D. Hitler, vice president, private brands and leased department store sales, retired after 42 years of service.

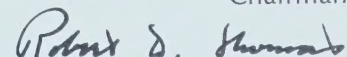
The performance of our Company this past year has clearly demonstrated the competence and loyalty of Firestone employees and dealers everywhere. Their skill, training and dedication are valuable resources of the Company, and we sincerely appreciate the efforts put forth by all Firestone men and women.

#### **OUTLOOK**

We share the prevailing view that 1972 will be a year of more stable economic conditions. Demand for tires, rubber, metal, plastics, and chemical products should increase as the automotive and other key industries continue to improve. In view of this improved economic climate, we look forward to continued growth in all our markets.

Respectfully submitted,

  
Chairman

  
President

December 14, 1971



# Financial Review

The financial statements present, on a consolidated basis, the accounts of the Company and its subsidiaries.

## Operations

Sales for the year ended October 31, 1971 amounted to \$2,483,598,575, an increase of 6.4% over 1970 sales of \$2,334,716,568.

Net income for the year amounted to \$120,262,360, including extraordinary income of \$6,718,333 from the sale of a minority interest in a German tire company. Net income was \$92,764,332 last year. Sales and income are summarized by product groups below:

Sales (Thousands of Dollars)	1971		1970	
	Amount	Percent of Total	Amount	Percent of Total
Tires and Related Products ..	\$2,055,977	83	\$1,910,101	82
Industrial and Metal Products	275,895	11	268,260	11
Rubber, Textiles and Plastics	151,727	6	156,356	7
Total .....	<u>\$2,483,599</u>	<u>100</u>	<u>\$2,334,717</u>	<u>100</u>
<b>Income</b>				
(Thousands of Dollars)				
Tires and Related Products ..	\$ 89,168	79	\$ 67,799	73
Industrial and Metal Products	15,021	13	12,366	13
Rubber, Textiles and Plastics	9,355	8	12,599	14
Income before Extraordinary Gain .....	<u>\$ 113,544</u>	<u>100</u>	<u>\$ 92,764</u>	<u>100</u>
Extraordinary Gain .....	6,718	—	—	—
Net Income .....	<u>\$ 120,262</u>		<u>\$ 92,764</u>	

Income was equal to \$2.07 per share of common stock in 1971 including \$.12 per share of extraordinary gain compared with 1970 income of \$1.60 per share. Cash dividends paid continued in 1971 at \$.80 per share and totalled \$46,483,762 for the year. Income and dividends per share reflect the two-for-one split of the shares of Common Stock which became effective October 12, 1971.

Net income of foreign subsidiaries increased to \$39,823,369, having been \$36,288,529 the previous year. The consolidated balance sheet at October 31, 1971 includes net assets in foreign countries of \$337,589,957, of which \$172,043,198 are net current assets.

Taxes totalled \$380,792,852 consisting of income taxes \$107,634,000; excise taxes \$206,960,141; social security taxes \$36,087,033; and property and miscellaneous taxes \$30,111,678.

## Long-Term Debt

In October, the Company issued \$100 million of 30-year 7.30% debentures. In addition, 100 million Deutsche Marks (approximately \$30 million) of foreign long-term financing was obtained from the issuance of 15-year 7¾% unsecured bonds in Europe. The proceeds of these issues are available for capital expenditures and general corporate purposes.

## Working Capital

Working capital increased \$140,961,276 to \$793,739,693 as of October 31, 1971 from \$652,778,417 on October 31, 1970. Changes in the components of working capital are set forth below:

	Increases (Decreases)	
	1971	1970
Current Assets:		
Cash and Short-Term Investments ..	\$ 171,332,651	\$(61,942,067)
Receivables .....	23,114,702	36,085,510
Inventories .....	(317,796)	3,730,931
	<u>\$ 194,129,557</u>	<u>\$(22,125,626)</u>
Current Liabilities:		
Short-Term Loans .....	\$ (33,846,339)	\$ 30,142,599
Payables and Accrued Items .....	19,321,353	12,586,649
Long-Term Debt Due		
Within One Year .....	(3,676,041)	2,777,699
Taxes on Income .....	71,369,308	5,718,780
	<u>\$ 53,168,281</u>	<u>\$ 51,225,727</u>
Increase (Decrease) in Working Capital .....	<u>\$ 140,961,276</u>	<u>\$(73,351,353)</u>



### Capital Expenditures and Depreciation

Expenditures for property, plants and equipment totalled \$147,772,766, down from the record high 1970 expenditures of \$206,126,694. Depreciation increased to \$100,821,162 from \$90,095,465 provided in 1970. Depreciation for financial reporting purposes is computed principally by the straight-line method. For income tax purposes, accelerated methods are used where allowable. The resulting tax benefit has been deferred to offset income taxes in future years when depreciation for tax purposes will be lower than for financial reporting purposes.

### Incentive Plans

The Incentive Compensation Plan provides compensation for executives and other key employees who have made important contributions to the efficient and profitable operation of the Company. The amount available for the Plan is contingent upon the Company's earnings. Part of this amount is distributed in cash and part in Common Stock of the Company purchased on the open market. Employee stock purchase plans enable employees to invest in Firestone Common Stock through payroll deductions. Stock for this purpose is also obtained by purchases on the open market. Provision for incentive compensation and for the Company's participation in stock purchases by employees resulted in charges to income of \$5,912,000 in 1971 and \$4,885,000 in 1970.

The Employees' Incentive Stock Option Plan of 1970 provides for granting options to employees to purchase shares of the Company's Common Stock. Under this Plan and the predecessor 1960 Plan, options were outstanding at the beginning of the year to purchase 1,107,726 shares of Common Stock, after adjustment for the two-for-one stock split effective October 12, 1971. During the year, options for the equivalent of 195,212 shares were exercised at an average price of \$19.65 and options for 31,532 shares were cancelled. At October 31, 1971, options for 880,982 shares at an average price of \$23.16 were outstanding and 2,667,180 shares were reserved for additional options which may be granted in future years while the 1970 Plan is in effect.

### Pension Plans

The majority of the Company's employees are covered by trustee contributory and non-contributory pension plans. The cost of these pension plans charged to income was \$37,077,300 in 1971 and \$33,306,800 in 1970 including amortization of prior service cost. During 1971, the assumed rate of interest used in the actuarial computation of pension costs was increased to more closely reflect current conditions and the term over which past service costs are amortized was decreased from 30 to 25 years. The effect of these changes was not significant. The actuarially computed value of vested benefits for the plans as of the latest valuation date exceeded the total of the pension fund assets by approximately \$105,633,000. A summary of the pension fund assets as of October 31, 1971 and changes in fund assets for the year are shown below:

#### Pension Fund Assets, at Cost:

Short-Term Securities .....	\$ 47,976,100
U.S. Government Securities .....	229,600
Corporate Bonds and Notes .....	115,664,700
Preferred Stocks .....	4,090,600
Common Stocks .....	205,990,700
Real Estate .....	4,962,300
Cash and Interest Receivable .....	2,508,900
Total .....	<u>\$381,422,900</u>

#### Changes in Fund Assets:

Assets at November 1, 1970 .....	<u>\$338,300,600</u>
Additions	
Company Contributions .....	\$ 37,077,300
Employee Contributions .....	2,827,000
Income from Fund Assets .....	22,566,600
Transfer from Predecessor Plans .....	1,009,400
Total Additions .....	<u>\$ 63,480,300</u>
Deductions	
Pension Payments .....	\$ 19,511,000
Refunds to Withdrawing Employees .....	847,000
Total Deductions .....	<u>\$ 20,358,000</u>
Assets at October 31, 1971 .....	<u>\$381,422,900</u>

# The Firestone Tire & Rubber Company

## Consolidated Balance Sheet

OCTOBER 31, 1971 AND 1970

### Assets

1971

1970

#### Current Assets

Cash .....	\$ 48,751,592	\$ 51,771,125
Time Deposits and Certificates of Deposit .....	164,523,659	57,385,418
Short-Term Investments, at Cost .....	67,213,943	—
Accounts and Notes Receivable, Less Allowances .....	526,398,764	503,284,062
Inventories, at Lower of Average Cost or Market		
Raw Materials and Supplies .....	\$ 121,053,848	\$ 116,078,156
In-Process Products .....	43,065,484	39,389,930
Finished Goods .....	402,699,063	411,668,105
Total Inventories .....	<u>\$ 566,818,395</u>	<u>\$ 567,136,191</u>
Total Current Assets	<u>\$1,373,706,353</u>	<u>\$1,179,576,796</u>

#### Other Assets

Investments, at Cost and Miscellaneous Assets .....	\$ 37,680,391	\$ 29,193,391
Prepaid Expenses and Deferred Charges .....	14,397,804	10,327,910
	<u>\$ 52,078,195</u>	<u>\$ 39,521,301</u>

#### Property, Plants and Equipment, at Cost

Land and Improvements .....	\$ 66,528,974	\$ 60,414,622
Buildings and Building Fixtures .....	363,899,417	340,149,835
Machinery and Equipment .....	1,204,420,828	1,133,538,263
	<u>\$1,634,849,219</u>	<u>\$1,534,102,720</u>
Less: Accumulated Depreciation .....	716,284,221	656,126,357
	<u>\$ 918,564,998</u>	<u>\$ 877,976,363</u>
Total Assets	<u><u>\$2,344,349,546</u></u>	<u><u>\$2,097,074,460</u></u>



## Liabilities

1971

1970

### Current Liabilities

Short-Term Loans .....	\$ 104,981,557	\$ 138,827,896
Accounts Payable and Accrued Items .....	279,802,016	260,480,663
Long-Term Debt Due Within One Year .....	26,535,874	30,211,915
United States and Foreign Taxes on Income .....	168,647,213	97,277,905
Total Current Liabilities	<u>\$ 579,966,660</u>	<u>\$ 526,798,379</u>

### Long-Term Debt

Debentures, Less Principal Amount Held in		
Treasury: 1971—\$12,504,000; 1970—\$14,777,000		
2⅝% Due January 1, 1972 .....	\$ —	\$ 1,367,000
3¼% Due May 1, 1977 .....	30,110,000	32,899,000
4¼% Due July 1, 1988 .....	63,108,000	64,707,000
7.30% Due October 15, 2001 .....	100,000,000	—
Domestic Bank Loans, 5½%, Due 1973-1975 .....	51,000,000	65,000,000
Industrial Revenue Bonds, 3.2% to 6.25%, Due 1973-1992 .....	91,305,000	92,138,000
Foreign Long-Term Loans, 3.0% to 8.75%, Due 1973-1990 .....	95,338,173	71,651,330
Euro-Dollar Convertible Debentures, 5%, Due May 1, 1988 .....	59,616,000	59,616,000
	<u>\$ 490,477,173</u>	<u>\$ 387,378,330</u>

Deferred Income Taxes .....	\$ 56,200,000	\$ 47,900,000
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Minority Interest in Subsidiary Companies .....	\$ 37,599,581	\$ 27,157,827
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### Stockholders' Equity

Serial Preferred Stock (Cumulative), \$1 Par Value, Voting, Authorized 10,000,000 Shares, None Issued		
Common Stock, without Par Value, Authorized 120,000,000 Shares (3,548,162 Shares reserved for employees' options and 2,029,480 Shares reserved for conversion of debentures):		
Shares Issued: 1971—59,666,682; 1970—59,471,470 .....	\$ 62,152,794	\$ 61,949,448
Additional Capital .....	188,725,506	185,093,205
Retained Earnings .....	973,527,264	899,748,666
Total .....	<u>\$1,224,405,564</u>	<u>\$1,146,791,319</u>
Less: Treasury Stock, at Cost: 1971—1,703,740 Shares; 1970—1,486,176 Shares	44,299,432	38,951,395
Total Stockholders' Equity	<u>\$1,180,106,132</u>	<u>\$1,107,839,924</u>
Total Liabilities and Stockholders' Equity	<u><u>\$2,344,349,546</u></u>	<u><u>\$2,097,074,460</u></u>

# Consolidated Income Statement

FOR THE YEARS ENDED OCTOBER 31, 1971 AND 1970

1971

1970

<b>Net Sales</b> .....	\$2,483,598,575	\$2,334,716,568
Other Income .....	20,807,116	24,456,090
	<u>\$2,504,405,691</u>	<u>\$2,359,172,658</u>
Less:		
Cost of Goods Sold .....	\$1,788,364,355	\$1,714,756,590
Selling, Administrative and General Expenses .....	460,387,774	431,022,234
Interest and Debenture Discount and Expense .....	32,048,546	39,166,424
Miscellaneous Deductions .....	2,788,143	1,446,212
Minority Interests in Income of Subsidiary Companies .....	2,472,846	2,166,866
Domestic and Foreign Taxes on Income (includes provision for deferred taxes: 1971—\$8,300,000; 1970—\$10,200,000) .....	104,800,000	77,850,000
	<u>\$2,390,861,664</u>	<u>\$2,266,408,326</u>
<b>Income Before Extraordinary Item</b> .....	\$ 113,544,027	\$ 92,764,332
Extraordinary Item—Gain on Sale of Minority Interest in Foreign Company, less Income Tax of \$2,834,000 .....	6,718,333	—
<b>Net Income</b> .....	<u>\$ 120,262,360</u>	<u>\$ 92,764,332</u>
<b>Per Share of Common Stock</b>		
Income Before Extraordinary Item .....	\$1.95	\$1.60
Extraordinary Item .....	.12	—
Net Income .....	<u>\$2.07</u>	<u>\$1.60</u>

## Retained Earnings

	1971	1970
Balance at Beginning of Year .....	\$ 899,748,666	\$ 853,424,550
Net Income for the Year .....	120,262,360	92,764,332
	<u>\$1,020,011,026</u>	<u>\$ 946,188,882</u>
Cash Dividends Paid on Common Stock \$.80 per Share in 1971 and 1970 .....	46,483,762	46,440,216
Balance at End of Year .....	<u>\$ 973,527,264</u>	<u>\$ 899,748,666</u>

## Additional Capital

	1971	1970
Balance at Beginning of Year .....	\$ 185,093,205	\$ 183,161,923
Excess of Proceeds over Stated Value from Sales of Common Stock Under the Incentive Stock Option Plan .....	3,632,301	1,931,282
Balance at End of Year .....	<u>\$ 188,725,506</u>	<u>\$ 185,093,205</u>



# Statement of Changes in Financial Position

FOR THE YEARS ENDED OCTOBER 31, 1971 AND 1970

1971

1970

## Source of Funds

### Operations

Net Income (includes extraordinary income of \$6,718,333 in 1971) .....	\$120,262,360	\$ 92,764,332
Depreciation .....	100,821,162	90,095,465
Deferred Income Tax .....	8,300,000	10,200,000
Total from Operations .....	\$229,383,522	\$193,059,797
Long-Term Debt .....	130,000,000	—
Trustees of Funds for Domestic Plant Construction .....	—	9,902,664
Sale of Common Stock Under the Incentive Stock Option Plan .....	3,835,647	2,059,686
Minority Interest in Subsidiary Companies .....	10,441,754	2,390,820
Other Items .....	—	6,184,689
Total .....	<u>\$373,660,923</u>	<u>\$213,597,656</u>

## Disposition of Funds

Payment of Cash Dividends .....	\$ 46,483,762	\$ 46,440,216
Expenditures for Property, Plants and Equipment .....	147,772,766	206,126,694
Repayment of Long-Term Debt .....	26,901,157	29,699,349
Purchase of Treasury Stock .....	5,348,037	4,682,750
Other Items .....	6,193,925	—
Total .....	<u>\$232,699,647</u>	<u>\$286,949,009</u>

Increase (Decrease) in Working Capital .....	<u>\$140,961,276</u>	<u>\$ (73,351,353)</u>
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## Accountants' Report

To the Board of Directors  
and Stockholders,  
The Firestone Tire & Rubber Company:

We have examined the consolidated balance sheet of The Firestone Tire & Rubber Company and subsidiary companies as of October 31, 1971 and the related consolidated statements of income, retained earnings, additional capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported on the consolidated financial

statements of the Company and subsidiaries for the year ended October 31, 1970.

In our opinion, the above-mentioned consolidated financial statements, together with the related information contained in the Company's Financial Review, present fairly the consolidated financial position of The Firestone Tire & Rubber Company and subsidiary companies at October 31, 1971 and 1970 and the consolidated results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Cleveland, Ohio  
December 7, 1971

*Lybrand, Ross Bros. & Montgomery*

# Ten-Year Financial and Operating Summary

DOLLARS IN THOUSANDS

1971

1970

1969

1968

## SALES AND EARNINGS

Net Sales	\$2,483,599	\$2,334,717	\$2,278,909	\$2,131,444
Net Income	\$ 120,262*	\$ 92,764	\$ 116,686	\$ 127,035
Percent to Sales	4.8%	4.0%	5.1%	6.0%
Net Income Retained	\$ 73,778	\$ 46,324	\$ 70,156	\$ 84,536
Wages, Salaries and Employee Benefits	\$ 799,276	\$ 761,988	\$ 734,173	\$ 656,670
Taxes	\$ 380,793	\$ 333,627	\$ 363,706	\$ 339,162
Depreciation	\$ 100,821	\$ 90,095	\$ 80,549	\$ 72,482

## COMMON STOCK

Stockholders' Equity	\$1,180,106	\$1,107,840	\$1,064,139	\$1,010,479
Cash Dividends	\$ 46,484	\$ 46,440	\$ 46,530	\$ 42,499
Per Share**				
Net Income	\$ 2.07*	\$1.60	\$2.01	\$2.16
Dividends—Cash	\$ .80	\$ .80	\$ .80	\$ .72
—Stock	—	—	—	—
Income Tax	\$1.86	\$1.34	\$1.96	\$2.04
Book Value	\$20.36	\$19.11	\$18.31	\$17.24
Shares Outstanding at October 31**	57,962,942	57,985,294	58,117,734	58,609,696
Average Shares Outstanding**	58,070,309	58,056,110	58,196,244	58,797,448
Number of Stockholders	36,624	35,841	35,402	34,218

## FINANCIAL POSITION

Total Assets	\$2,344,350	\$2,097,074	\$2,019,256	\$1,882,646
Working Capital	\$ 793,740	\$ 652,778	\$ 726,130	\$ 704,864
Current Ratio, Assets to Liabilities	2.4 to 1	2.3 to 1	2.5 to 1	2.7 to 1
Property, Plants and Equipment				
Net Value at Year End	\$ 918,565	\$ 877,976	\$ 764,864	\$ 683,092
Additions During Year	\$ 147,773	\$ 206,127	\$ 165,909	\$ 199,088
Long-Term Debt	\$ 490,477	\$ 387,378	\$ 417,078	\$ 406,076

\*Includes Extraordinary Income of \$6,718,333 or \$.12 per Share.

\*\*Adjusted to reflect Two-for-One Stock Split of October 12, 1971, and Stock Dividends.



1967	1966	1965	1964	1963	1962
\$1,875,376	\$1,814,592	\$1,609,756	\$1,448,830	\$1,382,049	\$1,277,691
\$ 102,349	\$ 101,765	\$ 86,667	\$ 79,030	\$ 63,384	\$ 60,034
5.5%	5.6%	5.4%	5.5%	4.6%	4.7%
\$ 61,910	\$ 64,336	\$ 52,191	\$ 47,469	\$ 35,303	\$ 32,503
\$ 544,831	\$ 530,880	\$ 471,858	\$ 417,179	\$ 400,984	\$ 369,434
\$ 275,231	\$ 283,413	\$ 245,527	\$ 232,585	\$ 213,441	\$ 198,619
\$ 66,645	\$ 62,025	\$ 54,960	\$ 54,207	\$ 52,452	\$ 50,271
\$ 915,281	\$ 849,242	\$ 782,658	\$ 728,094	\$ 678,885	\$ 643,292
\$ 40,439	\$ 37,429	\$ 34,475	\$ 31,560	\$ 28,080	\$ 27,531
\$1.77	\$1.76	\$1.51	\$1.38	\$1.10	\$1.05
\$ .70	\$ .65	\$ .60	\$ .55	\$ .50	\$ .50
—	—	—	—	2%	2%
\$1.47	\$1.43	\$1.18	\$1.28	\$1.21	\$1.09
\$15.78	\$14.70	\$13.58	\$12.67	\$11.83	\$11.22
58,015,752	57,768,800	57,634,474	57,486,586	57,377,814	57,359,712
57,871,104	57,694,502	57,568,320	57,437,498	57,368,933	57,345,614
27,168	28,236	28,300	28,631	28,630	26,446
\$1,550,402	\$1,416,740	\$1,259,975	\$1,111,658	\$1,000,284	\$ 930,964
\$ 558,387	\$ 553,108	\$ 498,779	\$ 498,891	\$ 468,914	\$ 392,191
2.6 to 1	2.7 to 1	2.7 to 1	3.2 to 1	3.9 to 1	2.9 to 1
\$ 559,739	\$ 488,029	\$ 429,015	\$ 360,735	\$ 344,289	\$ 302,916
\$ 139,945	\$ 124,652	\$ 126,079	\$ 72,261	\$ 94,854	\$ 62,865
\$ 237,246	\$ 202,777	\$ 156,586	\$ 143,255	\$ 143,213	\$ 72,310

## Tires

Aggressive marketing programs and customer acceptance of new Firestone tire lines were important factors in helping the Company achieve a record sales year and stay in the forefront in the highly competitive rubber industry.

Firestone continued to balance its production among types of tire construction for which there was a demonstrated market need. Although the belted-bias tire has become a significant part of the industry in recent years, there continues to be a strong demand for bias-ply passenger car tires which currently account for some 60 percent of the replacement market.

While the belted-bias tire is now used as original equipment on nearly all new cars, there are indications that a change is in the offing—and Firestone is ready to meet any new technological challenges on the production line and in the marketplace.

Drawing on many years' experience in radial tire production and marketing in Europe, the Company led the industry as its Steel Belt Radial tire became the first American-made tire of this type to be approved by an auto manufacturer. It is being offered as optional equipment on several 1972 model cars. With its overall improved performance, the radial tire is now gaining in

popularity and it appears that it will become a major factor in the future.

Increased use of steel cord in tires is also on the horizon. Extensive testing of steel cord material has proved that it provides great strength, superior impact resistance, and exceptional durability.

Preparing for these new trends in the tire market, the Company announced three new plants and other major expansion programs during 1971.

A new plant for production of truck tires, principally the all-steel radial truck tire, is now under construction in Nashville, Tenn. Initial production is scheduled for late 1972.

To supply quality steel cord for use in tires, the Company is building two wire plants. A factory in Lens, France, will provide steel cord for the European tire factories; and a plant in Danville, Ky., will supply material to U. S. tire operations. Both steel cord plants are scheduled to go into full operation in 1972.

*Technical competence of employees combined with modern machines produces quality Firestone products. Here, a tire builder assembles a steel cord radial truck tire.*

A multimillion-dollar program to increase production capacity of radial passenger car tires is in progress at the Decatur, Ill., plant.

Other plant expansions were undertaken at Albany, Ga., where passenger tire production will be substantially increased; and in Bloomington, Ill., where production of large earthmoving tires will be nearly doubled. The Bloomington plant is the world's largest tire plant devoted solely to production of off-the-highway tires.

In addition to the Steel Belt Radial, another new passenger car tire introduced this year was the Mini-Sport, which has been designed to handle the tire needs of 90 percent of imported cars.

Another tire produced for the small or imported car owner is the Town & Country Mini-Sport. The tire features





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*Inspector makes a final check on a Steel Belt Radial tire, first U.S.-made steel-belted radial to be approved for use on new cars.*

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the asymmetrical tread design, first introduced on the Town & Country All-Position snow tire in 1970. The asymmetrical design permits use of the tire on all four wheels.

For the trucking industry, Firestone announced three new "computer generation" truck tires. The Dyna-Drive, Transport 1, and Longhauler truck tires incorporate computer-created tread designs and rubber compounds formulated by Firestone's Computer/Optimizer, which determines the best possible combination of properties in a given compound.

The Forestry Special tire, developed for the logging industry and introduced last year, has been readily accepted. This heavy-duty tire features cut-resisting compounds, shredded wire sidewalls and steel wire tread plies for exceptional protection against cuts, snags, and stump penetration in rugged forest areas.

Another development was the Turf & Field tire developed with high flotation characteristics for use on tractors on golf courses, in parks and for highway maintenance operations where damage to turf has been a problem. Several other agricultural tire lines were also introduced.

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*Company's modern distribution system, including use of visual display computer terminals, aids Firestone salesmen in expediting customers' orders.*

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*With the introduction of the Mini-Sport tire, Firestone stores and dealers have become headquarters for replacement tires for imported cars.*

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A unique system for retreading truck tires, called Temp-R-Tred, was developed during the year.

Tire plants continued to emphasize uniformity and quality production to insure customer satisfaction. The Quality Assurance program, which includes critical analysis of finished tires and actual in-service testing, was expanded in all tire plants. Specially designed high-speed and endurance test machines have been installed in all plants to augment the already extensive quality and testing programs.

#### **DISTRIBUTION**

The number of types and sizes of tires produced in Company plants is approximately 6,700—a 400 percent increase in the past decade. The huge number is a result of the growing number of vehicle models offered, new applications, and advances in design and construction made by the industry.

The Company utilizes a vast computer communications network to schedule production and to control its daily inventories throughout the country.

Construction of the Company's largest single warehouse facility is now under way and will be completed in mid-1972. This new distribution center, in Cranbury, N. J., will provide faster, more efficient service to automotive plants, dealers, and stores in the Northeastern United States.

Warehouse facilities at the Salinas, Calif., plant were also expanded, and automated make-up trains and other modern material handling systems were installed.

#### **RACING**

Firestone racing tires continued to excel in auto races around the world during 1971. For the 48th time in the 55 runnings of the Indianapolis "500" the winner was on Firestone tires. Al Unser, winner of the 1970 event also, took this richest auto racing event at a record-breaking average speed of 157.735 mph.

Joe Leonard won the U. S. Auto Club driving title and the California "500" on Firestone tires. Six of the 11 races in the United States Auto Club Championship division were won on Firestone tires.

In American drag racing, Firestone tires showed up in more winner's circles than ever before. At the National Hot Rod Association Nationals, five of the eight top champions were on Firestone Drag 500 tires.

#### **MARKETING**

Looking and listening to the needs of people led the Company to intensified communications programs in 1971. In a major move to broaden channels of communication with customers, a new comprehensive consumer affairs department was organized during the



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*RIGHT — Under a program to develop new sales outlets, Company architects, engineers and sales personnel work as a team to put together a complete store system.*

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*Employees at the Company's tire registration center process thousands of forms daily as each new tire sold is registered with owner's name and address. Modern data processing equipment aids in handling the huge volume.*

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year. It is designed to handle all consumer matters relating to product, warranty, distribution, sales, and service.

The new department incorporates the long-established consumer relations office and is drawing on a broad range of resources within the Company—field sales representatives, development engineers, public relations, and advertising personnel.

Consumer relations programs are being expanded for dealers and stores and for all other Firestone divisions on the local level.

Programs to inform consumers about tire lines, tire performance, durability, and maintenance were expanded.

A new advertising agency, Thomas Murray & Austin Chaney, Inc., is now serving as the Company's outside source of creative services and advertising counsel. The agency works with the Company's own advertising and sales promotion personnel.

Since much of Firestone's success depends on employees' skills and know-how, communications and training programs for both sales and production employees were strengthened during the year.

Selling seminars which stress product knowledge and customer relations were scheduled for all store employees throughout the country. A variety of other training programs to upgrade









employees' skills and improve customer service continued to operate effectively during the year.

Firestone continued to be one of the largest manufacturers of private brand tires and supplies tires to many major oil companies and several mass distributors. The Fidesta division, which markets a line of private brand tires through leading department stores, added new outlets during the year.

A \$25 million cooperative program for new and expanded sales outlets was initiated. The continuing rise in the number of vehicles on the roads makes it imperative for the Company to open new sales facilities to handle automotive products and services. This new stepped-up program is in line with the Company's philosophy of an-

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*UPPER LEFT—Training seminars like this one at Dayton Tire are an important part of employee development programs.*

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*LOWER LEFT—Under an expanded marketing program, new stores and dealerships were opened in shopping malls for the convenience of customers.*

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*RIGHT—Experience and loyalty of long-time employees and dealers are valuable assets of the Company.*

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anticipating marketing opportunities to insure Firestone's growth in the tire market.

#### **DAYTON**

The introduction of new tires and new sales action programs helped The Dayton Tire & Rubber Company post substantial sales gains. Increases were recorded in Dayton brand replacement sales and in its private brand tire business. The division also recorded an increase in tire sales to manufacturers of mobile homes and travel trailers, due to the rapid expansion in these industries.

Dayton's new plant in Oklahoma City, Okla., went into full production during the year with a capacity of 18,000 tires per day. The plant was honored by "Factory Magazine" as one of the top 10 new plants in the United States in 1971. The award was based on the plant's modern automatic handling and communications systems.

#### **SEIBERLING**

With increased emphasis on sales and marketing activities in 1971, The Seiberling Tire & Rubber Company boosted its sales over the 1970 mark.

Concentrated efforts on marketing resulted in the signing of a large number of new dealers during the year.

Factory modernization programs at the Barberton, Ohio, plant continued to increase production and improve quality.

#### **ENVIRONMENTAL ENGINEERING**

The Company's environmental control programs were expanded and accelerated in 1971.

In the case of new plants built or designed during the year, all forms of pollution control were incorporated into the construction and engineering.

Although environmental engineering activities were concerned with all plant locations and all forms of pollution control, several accomplishments were of extreme significance.

Two related projects for waste-water treatment were put into operation at synthetic rubber plants in Akron, Ohio, and Lake Charles, La.

In the Akron project, the effluent is treated for discharge into sanitary sewers. At Lake Charles, a secondary process, based on the Akron technique, treats the effluent for discharge into surface streams. Both projects meet all applicable codes. This new technology has been made available to other industries in the United States and Canada.

The Company was honored by "Environment Monthly" magazine for "making environmental excellence a basic condition in the pursuit of corporate goals." Firestone was one of three organizations honored in more than one category, and was the only rubber company receiving an award.

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*RIGHT — A tire builder at the Bombay, India, plant assembles a heavy-duty truck tire designed for use in rough service areas.*

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*BOTTOM—Radial tires await their turn in curing presses at Firestone Brema S.p.A., in Bari, Italy. Radials continue their dominance of the European tire market.*

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## International Operations

International operations achieved record sales and made significant contributions to corporate performance during 1971 despite economic readjustments in some areas.

Motor vehicle registrations throughout the world continued to grow, reaching an estimated 246 million during the year, an increase of 17 million over the previous year.

The International division increased production capacity to capitalize on these rapidly expanding foreign markets. The division also introduced new tire lines and new marketing, training, and consumer programs to meet the needs of foreign customers.

The new design of the Town & Country radial winter tire was readily accepted in overseas markets and provided outstanding performance under all types of winter conditions. Also put into production during the year was the Trans Lug T 423, a universal traction truck tire. It has been well received for use in rough service areas particularly in India and Thailand.





## EUROPE

Vehicle registrations continued their climb in Western Europe and the United Kingdom and reached more than 76 million, a 6.4 percent increase over last year.

Production capacity was increased at Brentford, England; Alcochete, Portugal; Bethune, France; Bari, Italy; Borås, Sweden; and Bilbao, Spain, with most of the expansions being devoted to radial tire lines.

A program to convert the entire Wrexham plant in Wales, United Kingdom, to radial tire production was begun and will be completed in 1972. Sixty-two percent of all passenger and truck tires now sold in Europe are radial construction.

To meet the needs of the European markets, Firestone introduced a new Super All Traction 1000 steel cord radial truck tire for on- and off-the-highway use; expanded the size range of the Transport 1000 steel cord radial highway tire; and brought to the final stages of development the first of a new generation of steel-belted radial passenger tires.

The Firestone distribution network in Europe and the United Kingdom was expanded with the addition of new dealers and new Company stores. The program to market tires through service station outlets was also expanded.



During the year, Firestone sold its minority interest in Phoenix Gummiwerke A.G., which previously marketed Firestone tires in West Germany. A new sales subsidiary, Firestone Deutschland, GmbH., was organized and is now distributing Firestone tires throughout the country.

## ASIA, SOUTH PACIFIC, AFRICA

The outstanding economic growth and vast market potential of the Far East and South Pacific areas continue to offer unlimited opportunities for Firestone.

New marketing programs, the opening of new retail stores, and increased emphasis on customer service have steadily improved the Company's position.

Plant expansions and modernizations are under way in Christchurch, New Zealand; Bombay, India; and Manila, Republic of the Philippines. A program to increase radial passenger tire capacity was completed in Bang-

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*TOP—Consumers around the world depend on Firestone quality products and service. Distributor in Hong Kong wends his way through busy street to make delivery.*

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*LEFT—Use of computers enables Company personnel to analyze highly complex international operations quickly and efficiently*

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kok, Thailand, and Firestone became the first local manufacturer to produce and market radial tires. The Company also opened its first retail store in Thailand during the year.

A significant increase in sales was registered in Australia as new marketing and advertising techniques were instituted; and increased emphasis was placed on sales training programs for retail store employees.

In Nairobi, Kenya, the first tire rolled off production lines at the new plant just 10 months after the cornerstone was placed. Passenger car, truck, bus, and tractor tires are being produced in Kenya for all of East Africa.

Radial tire production capacity is being increased at Bizerte, Tunisia, and truck tire production facilities are being expanded in Bonsaso, Ghana.

#### **LATIN AMERICA**

Firestone expanded its production facilities and increased its penetration of the growing Latin American markets.

In Venezuela, production capacity was expanded. Both radial and belted-bias tires were introduced and were well received by motorists.

Major expansions were started at plants in Sao Paulo and Rio de Janeiro,

Brazil; and a new factory retread shop was opened in Sao Paulo.

The Buenos Aires, Argentina, plant initiated radial passenger tire production during the year.

Also introduced in the Argentine market were the Super Sports Wide Oval passenger tire, the Transport 300 truck tire, and the F-151 tractor tire.

Employee training programs were intensified throughout Latin America and plans to improve customer services were initiated.

#### **CANADA**

Expansion of its sales network highlighted 1971 for Firestone Tire & Rubber Company of Canada, Ltd. Ten new stores were opened and many new dealers were added.

Keeping in step with the growth of the Canadian trucking industry, the subsidiary now has six truck tire centers operating throughout the country. New in Canada, the centers are equipped to offer fast, efficient sales and service to commercial trucking accounts.

Tire production operations at Hamilton, Ontario; Joliette, Quebec; and Calgary, Alberta, remained at high levels during the year.

With its production capabilities and its progressive marketing organization, the subsidiary is prepared to take advantage of new sales opportunities as the economy continues to expand.

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*Customer service programs include on-the-job tire maintenance for large earthmoving equipment. Here, service man checks tire at mining site in British Columbia, Canada.*

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## Diversified Products

### RUBBER PRODUCTS

Sale of urethane foam to the automotive, furniture, bedding, and carpeting industries increased significantly in 1971.

The Foam Products Company opened a new plant in Elkhart, Ind.; and plants in Milan, Tenn., and Corry, Pa., continued to operate at capacity.

New foams to meet Government flammability standards for use in auto interiors, bedding, and carpet backing were introduced; and a pure urethane foam, developed as a natural latex foam replacement, is being test marketed.

At the Industrial Rubber Products division, sales of Airide springs reached an all-time high as the air spring was offered as optional equipment by major truck manufacturers.

Among new products is a molded rubber component for energy absorbing bumpers designed to meet Department of Transportation requirements for new cars.

New equipment for injection curing was installed at the Noblesville, Ind., plant, giving the division added capabilities and placing it in a favorable competitive position on many rubber products.

Increased emphasis on automotive safety resulted in record sales for



World Bestos, a major producer of replacement brake lining. A new line of passenger car disc brake pads is being added.

Research and development at Coated Fabrics division were directed towards pollution control and vehicle safety in 1971.

The division's unique Fabri-Float roof was installed on a nine-million-gallon reservoir in Corvallis, Ore., protecting the city's water supply from possible contamination. The market for pollution control products is expected to grow in the next few years.

Work continued on air bags for automotive passive restraint systems and on a new fuel tank for cars.

### METAL PRODUCTS

Demand for wheels and rims produced by the Steel Products division increased during the year as truck registrations in the United States and Canada continued to climb.

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*Working for consumer safety, Firestone's research chemists have developed a flame-resistant latex foam for use in carpet-backing materials and mattresses.*

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A milestone was reached in production of stainless steel barrels as the four-millionth barrel rolled off lines at the Spartanburg, S. C., plant. The division also markets a complete line of stainless steel containers, automotive grilles, TV frames, and other metal stampings.

To complement its lines of industrial and agricultural rims and wheels, the Electric Wheel division added a new line of wheels for mobile homes and travel trailers, one of the country's fastest growing industries.

The technically-advanced, pollution-free foundry went into operation and is adding significantly to the division's casting capabilities.







A new earthmover rim line was also added to meet growing needs of the construction equipment industry.

Hamill Manufacturing Company, a major supplier of seat belt systems to the automotive industry, produced several new restraint devices for cars to be made after January 1, 1972, and continues to work on innovative seat belt components.

Development continued on several air bag systems and the division's own Safety Blanket device. Federal regulations call for a passive restraint system in all cars by 1976, and the division will be ready to participate in this market as the demand materializes.

During 1971 the division marketed the Protecta-Tot child safety seat, which is being sold through Firestone Stores and major department stores.

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*UPPER LEFT—Firestone became the first American rubber company to produce its own steel wire for use in tire cord, as pilot plant operations started during the year. New plants in Kentucky and France will go into production in 1972.*

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*UPPER RIGHT—Buyers preview samples of the Plastics division's new decorative vinyl film. The natural-looking wood grain patterns are used in wall paneling and home furnishings.*

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*BOTTOM—At Electric Wheel Company's new foundry, an employee checks a sample of molten metal from one of two electric furnaces now in operation.*

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## **PLASTICS**

One of the largest polyvinyl chloride resin producers in the country, Firestone Plastics Company continued to expand in 1971.

The introduction of a more complete line of dispersion resins enabled the division to penetrate new markets and increase its share in the flooring, record, shoe, automotive, paper, wire and cable markets.

The new Salisbury, Md., plant will go on stream early in 1972. The facility will print natural-looking woodgrain patterns on rigid and semi-rigid films to be laminated to various bases. These materials are being used extensively in buildings and furniture, replacing natural woods and veneers.

## **CHEMICALS AND TEXTILES**

Record sales and major expansions made 1971 a banner year for the Synthetic Rubber & Latex Company.

The division shipped record amounts of rubber to the tire plants as well as to customers in the plastics, carpeting, rubber products, flooring, and paper industries.

In Port Jerome, France, an expansion for production of Stereon synthetic rubber copolymer, widely used in tires, is under way. Latex production facilities were substantially increased at the Akron, Ohio, plant.

To meet the demand for polyester tire yarn, Synthetic Fibers division

broke ground for a multimillion-dollar, manufacturing plant in Hopewell, Va.

The division has been producing polyester on a semi-commercial basis in addition to its regular production of nylon tire yarn, Nytelle textile yarn and nylon resins.

Fiber sales are expected to increase next year as the price structure stabilizes.

Because of the wide variety of materials used in tires, the Firestone Textile plants processed more different materials than ever before, including cotton, rayon, nylon, polyester, fiber glass and steel wire.

During the year the division recorded a substantial increase in sales to outside customers.

## **R.D.I.**

Radiation Dynamics, Inc., a subsidiary of the Company, announced the broadening of its product line of radiation equipment to include linear electron accelerators, medical and industrial X-ray equipment, and radioactive isotope hardware for industrial purposes.

Firestone's radiation research group, working in cooperation with the Firestone Plastics Company, has developed an irradiatable polyvinyl chloride wire insulation compound for computer, military, and other heavy-duty applications. The wire is intended for high temperature applications.



#### **NATURAL RUBBER & LATEX**

Firestone Natural Rubber & Latex Company, with 120,000 acres of plantations in Liberia, Ghana, Brazil and the Philippines, set new production records during the year.

Production will increase even further if present experimentation continues to prove successful. Testing of a new rubber tree stimulant, Ethrel, is continuing at the Liberian plantation. To date, Ethrel has resulted in a 10 percent increase in latex production, on controlled test areas, with no adverse effect on the trees.

Facilities at the Liberian plantation were modernized during the year, and a new natural rubber research and development laboratory was set up in Akron with the primary objective of developing new uses and applications of latex.




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*TOP — Technician checks control board on unique wheel testing equipment at Steel Products' modern test laboratory.*

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*Technical service representative and customer watch a knitting operation during tour of the Hopewell, Va., synthetic fibers plant. Representatives in all Firestone divisions work closely with customers to develop new products and to provide technical assistance.*

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## New Business

The Company took several major steps in the area of financial diversification.

Bank Firestone, Ltd., was established in Zurich, Switzerland. This wholly-owned subsidiary is a full-fledged bank engaged in management and underwriting of Euro-currency loans, arranging acquisitions and mergers, managing investments, handling deposits at competitive rates, and providing a wide range of banking services.

The Company has been active in European money markets through Firestone Finanz, A.G., established in Zurich in 1968, and has been engaged in international financing since 1919.

An entirely new growth area was opened to the Company early in the year when it became associated with Drexel Harriman Ripley, Inc., a long-established investment banking and institutional brokerage firm.

The Company invested \$6 million in Drexel in the form of loans convertible into an approximate 25 percent equity interest, the maximum presently permitted outside sources by New York Stock Exchange regulations.

On February 1, the firm began operations under the name of Drexel Firestone, Inc., with offices in 10 Amer-



TOP—Artist's conception of the new Bank Firestone, Ltd., in Zurich, Switzerland.

BOTTOM — Drexel Firestone, Inc., is a new name in the securities and investment banking field. (New York Stock Exchange Photo)

ican cities and in Paris, France.

The infusion of new working capital further solidified the growth and earnings potential of Drexel and provided Firestone an excellent opportunity to extend its interest in the financial field.

As part of its growing financial activity, the Company has substantial investment operations, which include management of its own pension investment portfolio and group insurance programs.





*The tire stylist and development engineer work together to design tires with maximum safety and durability as well as aesthetic appeal.*

## Research & Development

Scientists and engineers working in research and product development continued to contribute to the manufacturing excellence of Firestone products.

During the year, scientific personnel developed concepts and processes which led to new and improved products and to reduced manufacturing costs.

Central research directed a major part of its activities to the engineering aspects of tire manufacture related to tire performance. Special emphasis was placed on the more complex radial tire construction and on the physical properties of materials.

Important advances were made in performance measurement and evaluation, improving skid resistance and in determining methods of building more uniform tires.

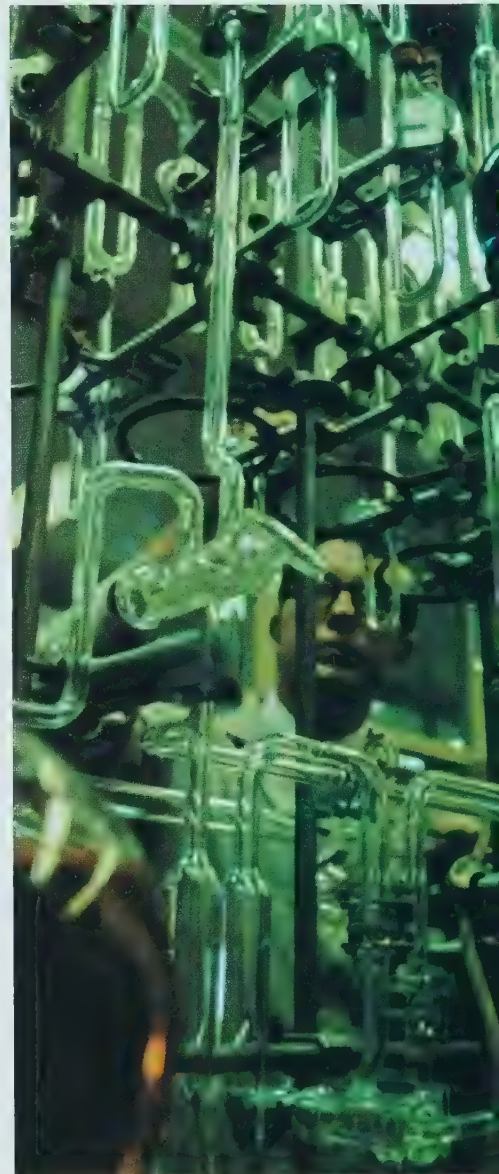
Scientists, with the aid of new sophisticated laboratory equipment, can now pinpoint and measure stress and loads on fabric plies as the tire is in use. A sensitive radioactive tracer technique is also being used for more complete study and analysis of tread wear.

Another major research achievement was the development of a new synthetic rubber processing technique which can significantly reduce manufacturing costs of rubber.

Other breakthroughs included a system for flameproofing FCR 1261 plastic resin which stabilizes it and makes it usable at unusually high temperatures.

In other plastics research two new formulations based on polyvinyl chloride have been perfected for radiation curable wire insulation. These formulations can be produced at lower cost and will be competitive with more expensive materials.

*Scientist at Company's research laboratory tests reactions of a new catalyst for use in synthetic rubber production.*





Extensive testing continued on the liquid molded cast tire announced in 1970. The tires completed over one million test miles on all types of cars and under all types of road conditions. The tire was honored by "Fortune" magazine as one of the most creative products developed in 1970. Firestone was the only company in the rubber industry singled out for this new product recognition.

The Company announced a major advance in its research project for disposing of the millions of worn-out tires by converting them to re-usable materials.

The pilot plant operation has proved that basic materials can be extracted from scrap tires.

The process shows promise of becoming a practical method of returning hydrocarbons and carbon black to the production cycle. Re-use of materials could reduce consumption of increasingly scarce petroleum, now the chief source of raw materials for the tire industry.

In addition to recycling materials, this process would aid in the disposal of scrap tires. Results to date show scientific promise. Further analysis, now in process, is required to determine economic feasibility.

Among other Company developments were specially designed tires for two prototype "safety cars" being produced for the Department of Trans-



*At the Columbiana, Ohio, test center, tractors pull heavily loaded trailers over a country road, simulating conditions encountered by farmers.*

portation. The special Wide Oval 60 tires were selected by the prototype contractors to withstand extremely severe braking and cornering standards and the added weight of these experimental cars. The vehicles are to be delivered to the Government for further testing.

#### **TESTING PROGRAMS**

Extensive testing and evaluation of tires complements the Company's research and development programs. Millions of dollars are spent each year to insure that each tire meets Firestone's high quality standards.

The Company compiled an estimated 370 million tire-test miles during the year on its own vehicles, commercial fleets and indoor laboratories.

Road tests on passenger and truck tires currently in production or in the development stage are made at the tire proving grounds in Fort Stockton, Tex. Here, all types of vehicles operate 24 hours a day over all types of roads. Substantial road testing is also done on regular highways.

At the Columbiana, Ohio, test center, farm and earthmover tires are subjected to tests and stresses far exceeding normal use.

Procedures like these, plus wide-ranging commercial fleet and laboratory tests, assure Firestone customers of thoroughly tested, quality products.



## People and Programs

The principal job of all Firestone people is ultimately to serve other people. More than 100,000 Firestone men and women — research scientists, engineers, technicians, production, sales, administrative, and management personnel—serve people throughout the world.

In the preceding pages we have shown how they design, produce and sell Firestone products and services which help improve transportation, raise living standards and contribute to the health, comfort, and happiness of people everywhere.

It is these skilled men and women, using their talents to the fullest, who help make Firestone a strong, competitive business enterprise — the 38th largest industrial corporation in the country. In turn, the Company provides stability and security in employment.

During 1971, the 25,000th employee to complete 20 years of service was honored by the Company. Career milestones such as these are records of personal achievement as well as a chronicle of Company progress.

Firestone employees receive a full range of benefit plans including group life insurance, sickness and accident



*Two employees at the Salinas, Calif., tire plant shared \$10,000, the largest suggestion award ever presented for an idea. The Suggestion System, now in its 53rd year, has paid more than two million dollars to employees.*

*Firestone people at work serving millions of other people—our customers.*

benefits, hospital-surgical-medical-drug coverage, supplemental unemployment benefits, a Stock Purchase and Savings Plan, holiday and vacation pay, and pensions.

The number of retired employees continues to increase and during 1971 more than \$18 million was paid to retirees and their beneficiaries.

Other operating plans of benefit to employees include job safety programs, the suggestion system, and a variety of educational and training programs for production, sales, administrative, and management personnel.

Under the Company's Scholarship Awards Program, now in its 19th year, 562 sons and daughters of Firestone employees have won college scholarships. Last year, 41 students in 21 states received the four-year grants.

The Company continues to expand employment opportunities for women and minority groups and, in cooperation with the National Alliance of Businessmen, to provide jobs for the chronically unemployed and returning veterans.

Thousands of Firestone employees as well as the Company worked in many ways to make their communities better places in which to live—donating time and money to civic, educational, cultural, youth, social, health, and welfare organizations.

Support and interest were continued in such worthwhile programs as Future Farmers of America, 4-H, Junior Achievement, National Student Traffic Safety Committee and Distributive Education in high schools.





## DOMESTIC FACILITIES

### Tire and Tube Plants

Akron, Ohio  
 Albany, Georgia  
 Barberton, Ohio  
 Bloomington, Illinois  
 Dayton, Ohio  
 Decatur, Illinois  
 Des Moines, Iowa  
 Los Angeles, California  
 Memphis, Tennessee  
 Nashville, Tennessee  
 Oklahoma City, Oklahoma  
 Pottstown, Pennsylvania  
 Russellville, Arkansas  
 Salinas, California

### Diversified Products Plants

Akron, Ohio  
 Almont, Michigan  
 Bad Axe, Michigan  
 Bennettsville, South Carolina  
 Bowling Green, Kentucky  
 Corry, Pennsylvania  
 Danville, Kentucky  
 Detroit, Michigan  
 Elkhart, Indiana  
 Fall River, Massachusetts

Gastonia, North Carolina  
 Hopewell, Virginia  
 Imlay City, Michigan  
 Lake Charles, Louisiana  
 Magnolia, Arkansas  
 Milan, Tennessee  
 New Castle, Indiana  
 Newport, Tennessee  
 Noblesville, Indiana  
 Orange, Texas  
 Perryville, Maryland  
 Pottstown, Pennsylvania  
 Prescott, Arkansas  
 Quincy, Illinois  
 Romeo, Michigan  
 \*Ravenna, Ohio, Army Ammunition Plant  
 Salisbury, Maryland  
 Spartanburg, South Carolina  
 Trenton, New Jersey  
 Ubly, Michigan  
 Washington, Michigan  
 Westbury, New York  
 West Caldwell, New Jersey  
 Wyandotte, Michigan

**Tire Test Centers**  
 Columbiana, Ohio  
 Ft. Stockton, Texas  
 \*Operated for U.S. Government

## FOREIGN FACILITIES

Alcochete, Portugal

\*Askim, Norway  
 Bangkok, Thailand  
 \*Bareilly, India  
 Bari, Italy  
 Bethune, France  
 \*Bilbao, Spain  
 Bizerte, Tunisia  
 Bombay, India  
 Bonsaso, Ghana  
 Boras, Sweden  
 Brentford, England, United Kingdom  
 Brits, South Africa  
 Buenos Aires, Argentina  
 \*Burgos, Spain  
 Butterworth, Malaysia  
 Calgary, Alberta, Canada  
 Christchurch, New Zealand  
 Hamilton, Ontario, Canada  
 Joliette, Quebec, Canada  
 Kuala Lumpur, Malaysia  
 Lens, France  
 London, Ontario, Canada  
 Manila, Republic of the Philippines  
 Melbourne, Australia  
 \*Mexico City, Mexico  
 Midland, Ontario, Canada  
 \*Montevideo, Uruguay  
 Nairobi, Kenya  
 \*Osaka, Japan

Penetanguishene, Ontario, Canada  
 Port Elizabeth, South Africa  
 Port Jerome, France  
 \*Pratteln, Switzerland  
 Rio de Janeiro, Brazil  
 \*Saint Nabord, France  
 San Jose, Costa Rica  
 Sao Paulo, Brazil  
 Singapore, Singapore  
 Swindon, England, United Kingdom  
 Sydney, Australia  
 Tvaaker, Sweden  
 Valencia, Venezuela  
 Viskafor, Sweden  
 Woodstock, Ontario, Canada  
 Wrexham, Wales, United Kingdom

## RUBBER PLANTATIONS

Bonsaso, Ghana  
 Cavalla, Liberia  
 Harbel, Liberia  
 Itubera, Brazil  
 Makilala, Republic of the Philippines  
 Retalhuleu, Guatemala, Experimental Plantation

\*Firestone Associated Factory





YOUR SYMBOL OF QUALITY AND SERVICE